

**TOWNSHIP OF HELENA**  
**ANTRIM COUNTY, MICHIGAN**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

## **Township Officials**

Supervisor

Penny Wagner

Clerk

Ferol Frank

Treasurer

Catherine Rice

## **Trustees**

James Gurr

Rick Teague

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## Independent Auditor's Report

January 21, 2009

To the Township Board  
Helena Township  
Antrim County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund activities, and the aggregate remaining fund information of the Township of Helena, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the major fund activities and the aggregate remaining fund information of the Township of Helena as of June 30, 2006, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 – 4 and budgetary comparison information on pages 22 – 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Keskin, Cook, Miller & Reppuhn LLP*

**KESKINE, COOK, MILLER & REPPUHN, LLP**

**Helena  
Township**

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**Helena Township  
Management's Discussion and Analysis  
Year Ended June 30, 2008**

As the Township Board of the Helena Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Helena Township for the fiscal year ended June 30, 2008.

**FINANCIAL HIGHLIGHTS**

The assets of Helena Township totaled approximately \$2,453,000 at June 30, 2008, of which approximately \$2,053,000 represents capital assets.

As of the close of the current fiscal year, Helena Township's governmental funds reported combined ending fund balances of approximately \$399,000, and the net assets of the Township as a whole was \$1,605,000.

Revenues, as reported in the Statement of Activities approximated \$751,000 (approximately \$40,000 represents program revenues, mostly consisting of grants and contributions, and \$712,000 represents general revenues, consisting mainly of property taxes).

Township expenses totaled approximately \$641,000, with the majority being spent on Township administration and public safety.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to Helena Township's basic financial statements. The township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the township's financial position is improving or deteriorating.

The statement of activities presents information showing how the township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Helena Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds:

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of current resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Helena Township maintains the following individual governmental funds: General Fund, Cemetery Fund, Roads Fund, Ambulance Fund, Library Fund, and Fire Fund. The Ambulance and Cemetery Funds are considered non-major funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Helena Township, net assets totaled approximately \$1,605,000, an increase of approximately \$111,000 from the prior year. For the most part, increases in revenues and expenditures in the year ended June 30, 2008 closely paralleled inflation and growth in the demand for services.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

As noted earlier, this Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

In each fund, the most significant source of revenues is derived from the Township's property tax base. Increases in the taxable values within the Township have caused the property tax revenues to increase this past year.

Expenditures have remained consistent with the prior years, as the services offered by the Township have not changed significantly.

## **CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY**

**Capital assets.** The Township's investment in capital assets for its governmental activities as of June 30, 2008 amounts to approximately \$2,053,000. This investment in capital assets includes: land, buildings, machinery, equipment, park facilities, etc.

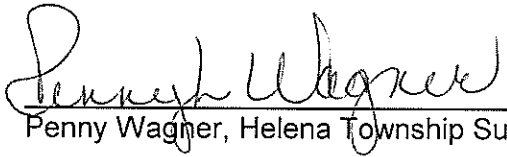
The only capital asset addition during the current fiscal year is the completed addition to the fire hall.

**Long-term debt.** The Township incurred approximately \$23,000 in new debt during the year related to a fire department capital lease for new equipment. This lease was subsequently paid-off during the year from proceeds received from a grant from the Grand Traverse Bay Band of Ottawa Indians.

In addition to the capital lease, the Township paid approximately \$58,000 in principal and approximately \$9,000 in interest on a Road fund loan and approximately \$35,000 in principal and \$40,000 in interest on the Fire Department building loan. Debt balances as of June 30, 2008 total approximately \$183,000 on the Road loan and approximately \$663,000 on the Fire Hall loan.

## **CONTACTING TOWNSHIP MANAGEMENT**

This financial report is designed to provide our taxpayers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have questions concerning this report, please call the Helena Township Hall, (231) 331-4643.

A handwritten signature in cursive script, reading "Penny Wagner", is written over a horizontal line.

Penny Wagner, Helena Township Supervisor

**TOWNSHIP OF HELENA  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

**Assets**

Cash and equivalents	\$ 399,369
Accounts receivable	-
Capital assets being depreciated, net	1,732,402
Capital assets not being depreciated	320,985
	<hr/>
Total assets	2,452,756

**Liabilities**

Accrued liabilities	2,335
Noncurrent liabilities	
Due in one year or less	92,679
Due in more than one year	752,566
	<hr/>
Total liabilities	847,580

**Net Assets**

Invested in capital assets, net of related debt	1,208,142
Unrestricted	397,034
	<hr/>
Total net assets	<u><u>\$ 1,605,176</u></u>

See accompanying notes to financial statements.



**TOWNSHIP OF HELENA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008**

Functions / Programs	Program Revenue				Net Revenue (Expense) and Changes in Net Assets Total
	Expenses	Charges For Service	Capital Grants and Contributions	Operating Grants and Contributions	
Primary Government:					
Governmental Activities					
General government	\$ (259,352)	\$ 13,374	\$ -	\$ 1,106	\$ (244,872)
Public safety	(206,374)	-	15,000	-	(191,374)
Recreation and culture	(112,894)	-	-	10,200	(102,694)
Public works	(7,468)	-	-	-	(7,468)
Interest on long-term debt	(54,597)	-	-	-	(54,597)
Total governmental activities	\$ (640,685)	\$ 13,374	\$ 15,000	\$ 11,306	(601,005)
General Revenues:					
Property taxes					575,470
State shared revenue (not restricted to specific purpose)					60,289
Property tax administration fee					4,354
Interest earnings					17,969
Refunds and rebates					23,895
Other					29,682
Total general revenues					711,659
Change in net assets					110,654
Net assets - beginning of year					1,494,522
Net assets - end of year					\$ 1,605,176

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<u>General</u>	<u>Fire</u>	<u>Road</u>	<u>Library</u>	<u>Non-Major Funds</u>	<u>Total</u>
<b>Assets</b>						
Cash and equivalents	\$ 211,894	\$ 30,326	\$ 42,741	\$ 97,684	\$ 16,724	\$ 399,369
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Balance</b>						
Reserved:						
Fire protection	-	30,326	-	-	-	30,326
Roads	-	-	42,741	-	-	42,741
Library	-	-	-	97,684	-	97,684
Cemetery	-	-	-	-	16,724	16,724
Undesignated, unreserved	211,894	-	-	-	-	211,894
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	\$ 211,894	\$ 30,326	\$ 42,741	\$ 97,684	\$ 16,724	\$ 399,369
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2008**

<b>Total Fund Balance - Governmental Activities (Per Balance Sheet - Page 7)</b>	<b>\$ 399,369</b>
Amounts reported for governmental activities in the Statement of Net Assets (page 5) are different because:	
Capital assets used in governmental activities are not current resources and therefore are not recorded in the funds.	2,053,387
Long-term liabilities, including notes/bonds payable and accrued liabilities are not due and payable in the current period and therefore are not reported in the funds.	(845,245)
Accrued interest on long-term liabilities is not due and payable in the current period and is not reported in the funds	(2,335)
<b>Total Net Assets - Governmental Activities (Per the Statement of Net Assets - Page 5)</b>	<b>\$ 1,605,176</b>

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Fire</u>	<u>Road</u>	<u>Library</u>	<u>Non-Major Funds</u>	<u>Total</u>
<b>Revenues</b>						
Taxes and assessments	\$ 171,151	\$ 154,051	\$ 71,841	\$ 97,195	\$ 81,232	\$ 575,470
State sources	60,091	-	-	857	-	60,948
Charges for services	6,994	-	-	-	-	6,994
Rental income	22,009	-	-	-	-	22,009
Donations	956	-	-	10,200	-	11,156
Interest	14,275	1,891	-	1,803	-	17,969
Grant proceeds	-	15,000	-	-	-	15,000
Other	17,588	5,064	23,895	6,346	900	53,793
Total revenues	<u>293,064</u>	<u>176,006</u>	<u>95,736</u>	<u>116,401</u>	<u>82,132</u>	<u>763,339</u>
<b>Expenditures</b>						
Current:						
General government	236,681	-	-	-	-	236,681
Public safety	-	86,247	-	-	67,716	153,963
Public works	-	-	7,468	-	-	7,468
Recreation and culture	31,932	-	-	90,179	-	122,111
Cemetery	-	-	-	-	14,021	14,021
Capital outlay	-	48,084	-	-	-	48,084
Debt service - principal	-	57,965	57,683	-	-	115,648
Interest expense	-	42,951	9,311	-	-	52,262
Total expenditures	<u>268,613</u>	<u>235,247</u>	<u>74,462</u>	<u>90,179</u>	<u>81,737</u>	<u>750,238</u>
Excess (deficiency) of revenues over (under) expenditures	24,451	(59,241)	21,274	26,222	395	13,101
<b>Other Financing Sources</b>						
Proceeds from the issuance of debt	-	23,403	-	-	-	23,403
Excess (deficiency) of revenues and other sources over (under) expenditures	24,451	(35,838)	21,274	26,222	395	36,504
<b>Fund Balance - beginning of year</b>	<u>187,443</u>	<u>66,164</u>	<u>21,467</u>	<u>71,462</u>	<u>16,329</u>	<u>362,865</u>
<b>Fund Balance - end of year</b>	<u>\$ 211,894</u>	<u>\$ 30,326</u>	<u>\$ 42,741</u>	<u>\$ 97,684</u>	<u>\$ 16,724</u>	<u>\$ 399,369</u>

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008**

<b>Net Change in Fund Balances - Total Governmental Funds (Page 9)</b>	<b>\$ 36,504</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, the government-wide statements allocate the cost of those assets over their estimated useful lives.	48,084
Governmental funds do not report long-term debt; therefore, debt service payments are recorded as an expenditure. However, in the government-wide financial statements, long-term debt is recorded and debt service payments are applied against the outstanding liability balance.	115,648
Depreciation expense is recorded in the government-wide financial statements but not in the governmental funds.	(63,844)
Certain expenses reported in the government-wide statements do not require the use of current financial resources and are not reported in governmental funds. This includes accrued interest.	(2,335)
Proceeds from the issuance of debt is reported as revenue in the fund financial statements but as an increase of debt in the government-wide financial statements.	(23,403)
<b>Change in Net Assets - Governmental Activities (Page 6)</b>	<b>\$ 110,654</b>

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA  
STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUND  
JUNE 30, 2008**

	<b>Assets</b>	
Cash and equivalents		\$ 113
		<hr/> <hr/>
	<b>Liabilities</b>	
Undisbursed funds		\$ 113
		<hr/> <hr/>

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2008**

**Note 1: Entity**

The Township of Helena is a general law township of the State of Michigan located in Antrim County, Michigan. It operates under an elected board and provides service to its residents in many areas including public safety, community enrichment and human services. The criteria established for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements include all of the governmental functions of Helena Township. The following activities are included in this report:

1. All general activities of Helena Township including building, cemetery, parks and other governmental activities.
2. South Torch Lake Fire District.
3. Helena Township Public Library.
4. Helena Township Downtown Development Authority

**Discrete Component Unit**

The Helena Township Downtown Development Authority (DDA) was created in 1988 under Public Act. No. 197 of 1975. The DDA has been determined to be a discrete component unit based on the following factors:

1. The DDA is a legally separate entity
2. The DDA operates under a separate governing board, but board elections are approved by the primary government (Helena Township).
3. Helena Township has the ability to impose its will on the DDA and has the potential for benefit or burden as a result of DDA activities.
4. Excluding the DDA from the financial statements of Helena Township would be misleading to users of its financial statements.

As the DDA had no fiscal activity and has no residual fund equity as of the year ended June 30, 2008, these financial statements contain no DDA balances.

**Joint Venture**

In August 2001, Helena Township approved a nine-Township Ambulance agreement in order to create the Township Ambulance Authority. Each of the nine Townships, including Helena Township, passed a milage of 0.5000 mills to support the Authority's activities.

The Authority will operate under the direction of a nine member Board of Directors, one from each Township.

**TOWNSHIP OF HELENA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2008**

**Note 1: Entity (Continued)**

**Joint Venture (Continued)**

Upon creation of the Township Ambulance Authority, the Authority purchased all ambulance equipment from Allied EMS, the organization from which the Townships contract ambulance services. The Authority now leases the equipment to Allied EMS and contracts ambulance services from Allied EMS. Allied EMS bills each Township quarterly for its portion of the cost to provide ambulance services. The costs are paid for with the monies collected from each Township's millage.

**Note 2: Summary of Significant Accounting Policies**

**Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of Helena Township are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanations including required disclosures of the Township's financial activities.

The accounting policies of Helena Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Government-Wide and Fund Financial Statement Presentation**

***Government-Wide Financial Statements***

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities, such as tax collection activities.

Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Township does not engage in any business-type activities.



**TOWNSHIP OF HELENA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2008**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Government-Wide and Fund Financial Statement Presentation (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

***Fund Financial Statements***

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**Fund Types and Major Funds**

***Governmental Funds***

The Township reports the following major governmental funds:

*General Fund* - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

*Fire Fund* – This fund is used to account for all financial activity related to the South Torch Lake Fire District. The main source of revenue is derived from property taxes.

*Road Fund* – This fund is used to account for the financial activity related to the repair and maintenance of Township roads. Revenues are derived primarily from property taxes.

**TOWNSHIP OF HELENA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2008**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Fund Types and Major Funds (Continued)**

*Library Fund* – This fund is used to account for the Township Library's activities. Revenues are derived from property tax assessments.

The Township reports its Ambulance and Cemetery Funds as non-major funds.

***Other Funds***

*Fiduciary Fund* - This fund is used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

**Measurement Focus and Basis of Accounting**

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

***Government-Wide Financial Statements***

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Township departments.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

***Governmental Fund Financial Statements***

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

**TOWNSHIP OF HELENA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2008**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

**Property Taxes**

The 2007 property tax calendar is as follows:

	<b>WINTER LEVY</b>	<b>SUMMER LEVY</b>
Levy Date	December 1, 2007	July 1, 2007
Due Date	February 15, 2008	September 14, 2007

The real property tax rolls were turned over to the County of Antrim on March 1, 2008. Collection of personal property taxes remains the responsibility of the Township. Amounts collected after the due date are assessed interest and/or penalty provisions. A county revolving fund normally pays the balance of the Township's tax levy.

**Budgets**

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a program level. Budgets are normally formulated during May and June of each year and a budget hearing is held in June. The board normally adopts the budget just prior to July 1. The budgets as presented in these financial statements have been amended throughout the year. They were adopted using the modified accrual method of accounting. They expire on June 30 of each year. There are no carryover items. The Township experienced the following over-expenditures for the year ended June 30, 2008.

Fund	Program	Over- Expenditure
Fire	Public Safety	\$ 27,974
Fire	Debt Service - Principal	\$ 38,965
Fire	Debt Service - Interest	\$ 2,513
Road	Public Works	\$ 3,177

**TOWNSHIP OF HELENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Budgets (Continued)**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capital Assets and Depreciation**

The Township's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Computers and peripherals	5 years
Buildings and improvements	40 – 50 years
Furniture and equipment	10 – 20 years
Fire vehicles	20 years

Land and construction in progress are not depreciated. For information describing capital assets, see Note 4.

**Long-Term Debt**

In the government-wide financial statements, outstanding debt is reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period and principal paid on obligations as debt service expense.

**Note 3: Cash and Equivalents**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan.

**TOWNSHIP OF HELENA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2008**

**Note 3: Cash and Equivalents (Continued)**

The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township of Helena's deposits and investment policies are in accordance with statutory authority.

At June 30, 2008 the Township's deposits were reported in the basic financial statements as follows:

General Government	\$	211,894
Fire		30,326
Road		42,741
Library		38,180
Library Certificates of Deposit		59,504
Cemetery		16,724
Total	\$	<u>399,369</u>

**Deposits**

The bank balance of the Township's deposits is \$423,864, of which \$125,326 is covered by federal depository insurance as of June 30, 2008. The remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of the FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

On October 3, 2008, the President of the United States signed the Emergency Economic Stabilization Act of 2008, which temporarily raises the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. This increase in FDIC insurance coverage expires December 31, 2009.

**TOWNSHIP OF HELENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**

**Note 4: Capital Assets**

Capital asset activity of the Township's governmental activity was as follows:

<b>Governmental Activities:</b>	Balance July 1, 2007	Additions	Disposals	Transfers	Balance June 30, 2008
Capital assets not being depreciated:					
Land	\$ 320,985	\$ -	\$ -	\$ -	\$ 320,985
Construction in progress	1,118,708	48,084	-	(1,166,792)	-
Total capital assets not being depreciated	<u>\$ 1,439,693</u>	<u>\$ 48,084</u>	<u>\$ -</u>		<u>\$ 320,985</u>
Capital assets being depreciated:					
Buildings	\$ 405,444	\$ -	\$ -	\$ 1,166,792	\$ 1,572,236
Furniture & equipment	821,696	-	-	-	821,696
Subtotal	1,227,140	-	-	1,166,792	2,393,932
Accumulated depreciation:					
Buildings	121,633	30,964	-	-	152,597
Furniture & equipment	476,053	32,880	-	-	508,933
Subtotal	597,686	63,844	-		661,530
Net capital assets being depreciated	<u>\$ 629,454</u>	<u>\$ (63,844)</u>	<u>\$ -</u>	<u>\$ 1,166,792</u>	<u>\$ 1,732,402</u>

Depreciation expense was charged to functions of the Township as follows:

<b>Governmental Activities:</b>	
Township administration	\$ 541
Township hall	8,109
Fire	52,411
Library	1,030
Parks	1,753
	<u>\$ 63,844</u>

**TOWNSHIP OF HELENA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2008**

**Note 5: Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2008:

	Balance July 1, 2007	Issued	Retired	Balance June 30, 2008	Due Within One Year
<b>Governmental activities:</b>					
<b>Installment Loans:</b>					
Fire department addition, payable to a local bank in annual installments of \$75,000 including interest at 5.75% through March 2021	\$ 697,290	\$ -	\$ 34,562	\$ 662,728	\$ 35,038
Fire department equipment capital lease payable to leasing company.	-	23,403	23,403	-	-
Road fund installment loan, payable to a local bank in annual installments of \$66,979 including interest at 5.00% through April 2011	240,200	-	57,683	182,517	57,641
Total governmental activities	<u>\$ 937,490</u>	<u>\$ 23,403</u>	<u>\$ 115,648</u>	<u>\$ 845,245</u>	<u>\$ 92,679</u>

Annual debt service requirements to maturity for the above note obligations are as follows:

	Governmental Activities		
	Principle	Interest	Total
2009	\$ 92,679	\$ 49,300	\$ 141,979
2010	97,697	44,282	141,979
2011	102,988	38,991	141,979
2012	42,213	33,412	75,625
2013	44,075	30,925	75,000
2014-2018	262,620	112,380	375,000
2019-2023	202,973	27,301	230,274
	<u>\$ 845,245</u>	<u>\$ 309,290</u>	<u>\$ 1,181,836</u>

**Note 6: Pension Plan**

The Township of Helena contributes to a pension plan which is a defined contribution pension plan administered by the Manufacturers Life Insurance Company. The plan was adopted January 1, 1992.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

**TOWNSHIP OF HELENA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2008**

**Note 6: Pension Plan (Continued)**

Under the Township's defined contribution pension plan, the benefits a participant will receive depends upon the amount contributed to the participant's account and the returns earned on investments of those contributions. All full-time employees and elected officials are eligible to participate in the plan. Contributions made by the Township and employees are fully vested. The participant will receive all vested benefits upon termination of employment with the Township.

The plan requires the Township to contribute 6.2% of the eligible employee's wages. Additionally, each participant may make voluntary contributions up to 10% of their salary. The Township has met all pension obligations for the year ended June 30, 2008. The Township's contribution for the year totals \$11,384.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

**Note 7: Contingencies**

**Insurance Coverage**

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters.

The Township participates in the Michigan Township Participants plan, a self insured group. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage.

**Note 8: Related Party Transactions**

The company employed to construct the fire hall addition, Crawford Builders, LLC, is owned by a South Torch Lake Fire Department Board member. The total amount paid to Crawford Builders, LLC during the year ended June 30, 2008 was \$24,564.



**TOWNSHIP OF HELENA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2008**

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance From Final Amended Budget</b>
<b>Revenues</b>				
State sources	\$ 59,918	\$ 59,918	\$ 60,091	\$ 173
Taxes and assessments	169,348	169,348	171,151	1,803
Donations	1,932	1,932	956	(976)
Charges for services	45,758	45,758	6,994	(38,764)
Rental income	36,173	36,173	22,009	(14,164)
Interest	17,399	17,399	14,275	(3,124)
Miscellaneous	67,135	67,135	17,588	(49,547)
<b>Total revenues</b>	<b>397,663</b>	<b>397,663</b>	<b>293,064</b>	<b>(104,599)</b>
<b>Expenditures</b>				
<b>General Government</b>				
<b>Township Board:</b>				
Salaries	5,449	5,449	5,449	-
Payroll taxes and fringes	4,200	4,200	3,927	273
Supplies and equipment	15,058	15,058	3,929	11,129
Repair and maintenance	12,300	12,300	9,733	2,567
Professional fees	21,200	21,200	5,525	15,675
Pension	15,000	15,000	11,384	3,616
Insurance	15,000	15,000	9,654	5,346
Advertising	5,000	5,000	984	4,016
Utilities	7,000	7,000	6,246	754
Telephone	3,000	3,000	1,193	1,807
Transportation and education	75,480	75,480	5,447	70,033
<b>Total township board</b>	<b>178,687</b>	<b>178,687</b>	<b>63,471</b>	<b>115,216</b>
<b>Township Supervisor:</b>				
Salaries	18,930	18,930	16,429	2,501
Office expense	2,100	2,100	1,848	252
<b>Total township supervisor</b>	<b>21,030</b>	<b>21,030</b>	<b>18,277</b>	<b>2,753</b>
<b>Elections:</b>				
Wages and services	5,400	5,400	2,385	3,015
Office supplies	800	800	47	753
Education	250	250	233	17
<b>Total elections</b>	<b>6,450</b>	<b>6,450</b>	<b>2,665</b>	<b>3,785</b>
<b>Township Clerk:</b>				
Salaries	19,430	19,430	19,428	2
Office supplies	1,000	1,000	900	100
Miscellaneous	1,368	1,368	835	533
<b>Total township clerk</b>	<b>21,798</b>	<b>21,798</b>	<b>21,163</b>	<b>635</b>

See accompanying notes to financial statements

**TOWNSHIP OF HELENA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2008**

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance From Final Amended Budget</b>
<b>Township Treasurer:</b>				
Salaries	24,543	24,543	24,542	1
Office expense	4,536	4,536	3,829	707
Total township treasurer	29,079	29,079	28,371	708
<b>Township Assessor:</b>				
Assessor fees	15,225	15,225	15,225	-
Office expenses	700	700	694	6
Total township assessor	15,925	15,925	15,919	6
<b>Building and Grounds:</b>				
Salaries	30,000	30,000	25,840	4,160
Telephone	-	-	-	-
Utilities	15,270	15,270	15,267	3
Repair and maintenance	11,035	11,035	8,938	2,097
Insurance - community center	9,000	9,000	8,442	558
Equipment and supplies	4,680	4,680	2,866	1,814
Miscellaneous	1,000	1,000	812	188
Total building and grounds	70,985	70,985	62,165	8,820
<b>Planning and Zoning:</b>				
Salaries	19,965	19,965	15,740	4,225
Office expense, legal, & other	16,400	16,400	8,910	7,490
Total planning and zoning	36,365	36,365	24,650	11,715
Total general government	380,319	380,319	236,681	143,638
<b>Recreation and Culture:</b>				
<b>Parks</b>				
Wages	20,000	20,000	11,788	8,212
Equipment, supplies, and maintenance	16,398	16,398	12,645	3,753
Utilities	1,000	1,000	722	278
Insurance	1,762	1,762	1,762	-
Other	32,400	32,400	5,015	27,385
Total parks	71,560	71,560	31,932	39,628
Total expenditures	451,879	451,879	268,613	183,266
Excess (deficiency) of revenues over (under) expenditures	(54,216)	(54,216)	24,451	78,667
Fund balance - Beginning of year	218,989	218,989	187,443	(31,546)
Fund balance - End of year	\$ 164,773	\$ 164,773	\$ 211,894	\$ 47,121

See accompanying notes to financial statements

**TOWNSHIP OF HELENA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FIRE FUND**  
**YEAR ENDED JUNE 30, 2008**

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance From Final Amended Budget</b>
<b>Revenues</b>				
Taxes and assessments	\$ 143,259	\$ 154,051	\$ 154,051	\$ -
Interest	1,500	1,815	1,891	76
Miscellaneous	5,000	5,800	5,064	(736)
Grant proceeds	-	15,000	15,000	-
Total revenues	149,759	176,666	176,006	(660)
<b>Expenditures</b>				
<b>Public Safety:</b>				
Firemen - contractual	16,520	16,501	16,501	-
Office expenses	10,155	10,368	10,368	-
Operating supplies	2,622	2,818	3,715	(897)
Repairs and maintenance	4,533	8,516	8,516	-
Professional services	2,310	1,218	1,218	-
Vehicle expense	5,807	5,987	5,987	-
Insurance and bonds	14,149	11,803	11,803	-
Education and training	-	-	1,610	(1,610)
Equipment	-	-	23,403	(23,403)
Miscellaneous	1,381	1,062	3,126	(2,064)
Total public safety	57,477	58,273	86,247	(27,974)
Capital outlay	45,722	48,084	48,084	-
Debt service - principal	3,370	19,000	57,965	(38,965)
Interest expense	28,881	40,438	42,951	(2,513)
Total expenditures	135,450	165,795	235,247	(69,452)
Excess (deficiency) of revenues over (under) expenditures	14,309	10,871	(59,241)	70,112
<b>Other Financing Sources</b>				
Loan proceeds	50,000	-	23,403	23,403
Excess (deficiency) of revenues and other sources over (under) expenditures	64,309	10,871	(35,838)	(46,709)
Fund Balance - Beginning of Year	74,827	74,827	66,164	8,663
Fund Balance - End of Year	\$ 139,136	\$ 85,698	\$ 30,326	\$ (55,372)

See accompanying notes to financial statements

**TOWNSHIP OF HELENA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD FUND**  
**YEAR ENDED JUNE 30, 2008**

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance From Final Amended Budget</b>
<b>Revenues</b>				
Taxes and assessments	\$ 71,285	\$ 71,285	\$ 71,841	\$ 556
Miscellaneous	-	-	23,895	23,895
Total revenue	71,285	71,285	95,736	24,451
<b>Expenditures</b>				
Road construction, repair & maintenance	71,285	71,285	7,468	63,817
Debt service	-	-	66,994	(66,994)
Total expenditures	71,285	71,285	74,462	(3,177)
Excess (deficiency) of revenues over (under) expenditures	-	-	21,274	21,274
Fund balance - beginning of year	21,467	21,467	21,467	-
Fund balance - end of year	<u>\$ 21,467</u>	<u>\$ 21,467</u>	<u>\$ 42,741</u>	<u>\$ 21,274</u>

See accompanying notes to financial statements

**TOWNSHIP OF HELENA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LIBRARY FUND**  
**YEAR ENDED JUNE 30, 2008**

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance From Final Amended Budget</b>
<b>Revenues</b>				
State sources	\$ 450	\$ 450	\$ 857	\$ 407
Taxes and assessments	96,700	96,700	97,195	495
Interest	1,550	1,550	1,803	253
Donations	8,000	8,000	10,200	2,200
Book sales and other	64,944	64,944	6,346	(58,598)
<b>Total Revenues</b>	<b>171,644</b>	<b>171,644</b>	<b>116,401</b>	<b>(55,243)</b>
<b>Expenditures</b>				
Salaries and fringe benefits	44,270	44,270	44,490	(220)
Office expense	18,135	18,135	18,734	(599)
Repairs and maintenance	5,500	5,500	3,403	2,097
Professional fees	500	500	1,377	(877)
Education	500	500	320	180
Insurance	13,880	13,880	2,556	11,324
Equipment	11,170	11,170	2,030	9,140
Books	19,000	19,000	11,633	7,367
Other	96,714	96,714	5,636	91,078
<b>Total Expenditures</b>	<b>209,669</b>	<b>209,669</b>	<b>90,179</b>	<b>119,490</b>
Excess (deficiency) of revenues over (under) expenditures	(38,025)	(38,025)	26,222	64,247
Fund balance - beginning of year	71,462	71,462	71,462	-
Fund balance - end of year	<u>\$ 33,437</u>	<u>\$ 33,437</u>	<u>\$ 97,684</u>	<u>\$ 64,247</u>

See accompanying notes to financial statements

**TOWNSHIP OF HELENA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<u>Ambulance</u>	<u>Cemetery</u>	<u>Total</u>
<b>Assets</b>			
Cash and equivalents	\$ -	\$ 16,724	\$ 16,724
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Equity</b>			
Fund balance	-	16,724	16,724
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	\$ -	\$ 16,724	\$ 16,724
	<u>          </u>	<u>          </u>	<u>          </u>

See accompanying notes to financial statements

**TOWNSHIP OF HELENA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008**

	<u>Ambulance</u>	<u>Cemetery</u>	<u>Total</u>
<b>Revenues</b>			
Taxes and assessments	\$ 67,716	\$ 13,516	\$ 81,232
Interest	-	-	-
Miscellaneous	-	900	900
	<hr/>	<hr/>	<hr/>
Total revenues	67,716	14,416	82,132
<b>Expenditures</b>			
Contracted ambulance services	67,716	-	67,716
Wages	-	10,434	10,434
Repairs and maintenance	-	2,080	2,080
Insurance	-	563	563
Utilities	-	944	944
	<hr/>	<hr/>	<hr/>
Total expenditures	67,716	14,021	81,737
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	-	395	395
	<hr/>	<hr/>	<hr/>
Fund balance - Beginning of year	-	16,329	16,329
	<hr/>	<hr/>	<hr/>
Fund balance - End of year	\$ -	\$ 16,724	\$ 16,724
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements



**Keskin, Cook, Miller & Reppuhn, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Jeffrey B. Cook, CPA  
Richard W. Miller, CPA  
Curt A. Reppuhn, CPA  

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Terry J. Distel, CPA (Ret.)  
Joseph G. Okrei, CPA (Ret.)  
Walter J. Keskin, CPA (Ret.)  
Ronald D. Alexander, CPA (Ret.)

January 21, 2009

To the Township Board  
Helena Township  
Antrim County, MI

In planning and performing our audit of the financial statements of the governmental activities, the major fund activities, and the aggregate remaining fund information of the Township of Helena (the Township) as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.



**Segregation of Duties**

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the Township's staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected during normal activities.

**Preparation of Financial Statements**

The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other Governmental Units of its size.

This communication is intended solely for the information and use of management, the Township of Helena's Board of Trustees and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Keskine, Cook, Miller & Reppuhn LLP*

**Keskine, Cook, Miller & Reppuhn, LLP**



**Keskin, Cook, Miller & Reppuhn, LLP**  
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Ronald D. Alexander, CPA (Ret.)

January 21, 2009

To the Township Board  
Helena Township  
Antrim County, MI

We have audited the financial statements of the governmental activities, the major fund activities, and the aggregate remaining fund information of the Township of Helena (the Township) for the year ended June 30, 2008, and have issued our report thereon dated January 21, 2009. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated November 3, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on August 27, 2008.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the financial statements was:

Management's estimate of accumulated depreciation is based on the estimated useful life of the assets. We evaluated the key factors and assumptions used to develop the useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Township's Measurement Focus and Basis of Accounting policy in Note 2 to the financial statements. We evaluated standard governmental accounting policies and procedures in determining the adequacy of the disclosure from a neutral, consistent and clear perspective for the end user.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 16, 2009.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the Township's staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected during normal activities.

### Preparation of Financial Statements

The definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles (GAAP). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other Governmental Units of its size.

### ***Comments and Recommendations***

#### Library Internal Controls Over Cash

Through discussion with library staff, we were informed that cash collected in the library is kept in an unlocked desk drawer before being taken to the bank. We recommend that the necessary repairs necessary to lock the drawer be made as soon as possible and that all collected cash be kept in a secure location with limited access.

#### Library Cash Receipt Procedures

The Library staff performs specified procedures when accepting cash. These procedures include entering the transaction into a computer system. However, the procedures performed are not documented in the Library's Policy Manual and not all employees comply with the accepted procedures all of the time. We recommend that specific cash receipt procedures be included in the Policy Manual and all employees comply with the procedures whenever accepting cash.

#### Library Financial Reporting

Through our discussions with Library Board members, we noted that certain financial reports may not be available to the Library Board on a monthly basis. At a minimum, the following reports should be made available to the Library Board on a monthly basis:

- Library fund balance sheet
- Library fund monthly and year-to-date profit and loss statement
- List of checks paid the previous month (including check number)
- List of current invoices to be paid.

#### Township Cash Balances

The Township utilizes a pooled cash account for the General Fund, Road Fund, Cemetery Fund, Ambulance Fund. Although the Clerk and Treasurer reconcile the bank balance of the pooled account on a monthly basis, the balances of the individual funds has not been reconciled since before June 30, 2006 and the balances in all funds were incorrect as of June 30, 2008. We recommend that the Clerk and Treasurer reconcile the individual fund cash balances on a monthly basis.

#### Township General Ledger

The Township Clerk does not account for the cash balance of the Township's Community Center in a separate general ledger account. Since taxes are collected specifically for the Community Center via a voted millage, the funds must be accounted for separately. We recommend that the Clerk implement a general ledger account for Community Center cash and account for the collected funds separately from General Fund cash.

Township Bank Reconciliations

The Township Treasurer completes bank reconciliations for all bank accounts within an acceptable period of time following the end of the month. However, there is currently nobody else in the Township looking at the bank reconciliations. We recommend that another member of the Township Board review all bank reconciliations on a monthly basis.

This communication is intended solely for the information and use of management, the Township of Helena's Board of Trustees and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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